

PERIOD OF CONSTRUCTION : SINO-INDIAN BILATERAL TRADE RELATIONS FROM 1991 TO 1995

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Abstract : Sino-Indian bilateral trade had resumed in 1977 after a gap of almost two decades and it took another ten years to revive the actual potential. Two Governments were sincere to develop a stable trade and economic relations and had adopted various promotional policies. The period has been marked for the signing of annual trade protocols, mutual trade visits, identification of export-import goods, resumption of trade consulates in Shanghai and Bombay, border trade, joint ventures, Memorandum of Understandings, trade agreements development of private ownership etc. From this period onward, trade and economy had become another important pillar of bilateral relations and in 1995 the volume of Sino-Indian bilateral trade had crossed one billion US dollar mark. The present article will explore the successful pattern of Sino-Indian bilateral trade from 1991 to 1995 and the role played by the two Governments for promoting trade and economy as it remains successful even after two decades.

Keywords : government, policy, bilateral, trade protocols, institutional, border trade

Introduction

The volume of Sino-Indian bilateral trade was very low in the beginning of 1990 but both sides adopted various policies which became successful in the next decade. Bilateral relations between India and China faced several ups and downs in the nineteen nineties. Trade and economic relations were stopped between the two countries after 1962 and resumed in 1977. Due to boundary disputes and the differences in political opinion, the volume of Sino-Indian bilateral trade and commercial exchanges were very low till 1990. After 1991, increase in bilateral trade volume has become an important factor and by the end of the last century both nations became each other's principal trade partner. Therefore, the year between 1991 and 1995 has been marked for adoption of several fundamental policies for promoting bilateral trade which actually resulted in increase in volumes, mutual exchanges and people-to-people contacts. In fact, increase in the volume of bilateral trade created expectations among people of the two countries to resolve existing boundary disputes also. During this period, both nations developed high-level mutual visits and ministerial-level dialogues, signed several agreements, Memorandum of Understandings and Protocols, organized seminars, exhibitions, workshops etc. For these

reasons, the period may be regarded as phase of construction through which mutual understandings increased. The entire discussion can be divided in following sections.

- I. Bilateral Trade Policy adopted by the Two Countries
- II. Impact on Bilateral Trade Relations
- III. Sector Specific Areas of Cooperation
- IV. Bilateral Meetings and Visits to Promote Trade
- V. Resumption of Bilateral Border Trade
- VI. Trade Fairs, Exhibitions and Seminars
- VII. Conclusion

I. Bilateral Trade Policy Adopted by the Two Countries

The relations between India and China had started improving slowly after the resumption of bilateral relations in 1976. In the nineteen eighties, some remarkable steps were taken to normalize the bilateral relations. The visits of Indian External Affairs Minister Shri Atal Bihari Vajpayee to China in 1979 (12 – 18 February), Chinese Foreign Minister Huang Hua to India in 1981 (26 – 30 June), signing of trade agreement in 1984 (15 August) and visit of Indian Prime Minister Rajiv Gandhi to China in 1988 (19 – 23 December) helped both sides to create normal atmosphere. During the entire period of 1991 to 1995, fundamental changes had taken place in the bilateral relations which are as follows.

- 1) Increase of regular visits, by high-level leaders and continuance of political-level dialogue for maintaining peace and tranquility in the Sino-Indian boundary
- 2) Beginning of different mechanisms like minister-level, official-level meetings to resolve boundary dispute
- 3) Starting of dialogues on mutual co-operation in different sectors like trade, culture, sports, science and technology, finance, space, defense, education and so on
- 4) Signing of agreements, protocols, Memorandum of Understanding (MoU), etc.
- 5) To promote bilateral trade, several steps were taken like establishing institutional frameworks, co-operation between financial institutions, joint ventures for investment in the two countries, development of a communication network through various mediums, etc.¹

II. Impact on Bilateral Trade Relations

In the 1990s, the volume of bilateral trade was very low in comparison with size and economy of the two countries. Therefore, both sides felt the necessity to diversify the pattern of bilateral trade and identify new products. In the early years, exports and imports based mainly on primary products and manufacturing goods were less. Chinese

exports to India were mainly manufactured goods and Indian exports to China were mostly primary or raw materials. From 1991 to 1995, major export items from India to China included raw silk, beans, coal, chemicals, textile and light industrial products, machinery and electronics, food-stuffs, cooking coal and dyestuffs etc. and major import items from China to India covered iron ore, chemical materials, newsprint, silk yarn, agricultural products, etc.² In 1991, 1992 and 1993, trade balance was in favour of India and India became top trade partner of China in South Asia. But from 1994 onward, China got the advantage of trade balance and this became major issue in the next few years. There were few issues which had created obstruction for expanding export and import for India's trading with China like tariff barriers, administrative controls over imports and exports, information gap, language barrier, infrastructure gap, etc. [See Table One, Sino – Indian Bilateral Trade (1991-1995)]

III. Sector Specific Areas of Cooperation

Audit : In January 1992, Supreme Audit Institutions of India and China signed a Memorandum of Understanding to continue the exchange and cooperation in the field of audit. The principal objective of signing the MOU was exchanging information and literature on audit, organising bilateral seminars on audit theory and methodology in selected areas, participating in training programmes, carrying out mutual visits, study tours, etc.³

Agriculture: In April 1992, India and China signed Memorandum of Understanding (MoU) on agricultural cooperation for the next 5 years. The area of cooperation included exchange of information, scientific materials equipment and germ plasm, experts' visits and rice, soyabean and sugarcane breeding, conducting training programmes etc. Agricultural experts of the two countries also agreed to formulate work plan on bilateral agro-technological cooperative projects in 1992 and 1993.⁴

Avoidance of Double Taxation: In July 1994, an agreement was signed by the two countries regarding avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income in New Delhi. The Agreement provided rates of taxation lower than the domestic rates, in respect of income from transfer of technology and investment. The Agreement also had provisions for assisting the tax payers in resolving tax disputes and exchange of information for preventing tax evasion.⁵

Health: In September 1994, a Memorandum of Understanding (MoU) on co-operation in Health was signed for setting up a working group on co-operation in the respective field. Both sides agreed to cooperate in the field of traditional medicines including yoga and acupuncture, major infectious diseases like parasitology, maternal and child health care and family planning, etc.

Iron and Steel: In July, 1994, Mr. Wu Xichun, Vice Minister, Ministry of Metallurgical Industry of China visited India and held discussions on several issues of the steel sector. Both sides agreed to set up Working Groups to cover the following areas:

- i) Steel Sector
- ii) Iron Ore and Manganese Ore
- iii) Imports and Exports of Steel Products⁶

In 1995, a MoU on iron and steel was signed to facilitate co-operation in mining, transfer of technology and scientific and technological research.

Coal: In December 1994, a Protocol on Co-operation in Coal had been signed between India and China. Both sides agreed to co-operate on long term basis to explore number of new areas covering long wall technology, development of spares, construction of coal washeries, opening cast mines, etc.⁷ On 21st September 1995, a meeting of the Indo-China, Task Force on Coal was held in Beijing. The task force reviewed the progress of the on-going projects undertaken by Coal India Limited (CIL) and Singareni Collieries Company Limited (SCCL) in association with Chinese companies.⁸ In this respect, an agreement has been signed by CME China with Jessop & Company Limited for manufacturing of Longwall Mining Equipment.⁹

Finance: In October 1994, during the visit of Vice President K.R. Narayanan to China, a Memorandum of Understanding (MoU) on Banking was signed between the two countries. In consequence, the State Bank of India (SBI) opened a representative office at Shanghai on 15 August 1997 and became the first Indian Bank to open a Representative Office in China. (See Table - 2, Trade Protocols / Memoranda of Understanding (MOU) signed between India and China.)

Institutional Framework: In the beginning of 1990s, several measures were taken by the two Governments to promote bilateral trade and economic relations in the right directions. Two Governments started mutual exchange programmes through establishment of Joint Economic Group on Economic Relations and Trade, Science and Technology (or JEG) and Joint Business Council (JBC).

The unique among these initiatives was founding of Institutional Framework through the establishment of the India-China Joint Economic Group on Economic Relations and Trade, Science and Technology (or JEG) during the visit of the former Indian Prime Minister Rajiv Gandhi in December 1988. JEG is a ministerial-level dialogue mechanism where usually meetings are chaired by Indian Minister for Commerce and Industry and the Chinese Minister for Foreign Trade and Economic Co-operation. The JEG worked for promoting mutual exchanges on economy, trade, science and technology between India and China. Till 1995, there had been five meetings through which bilateral trade had achieved smaller objectives by signing various trade protocols, mutual assistance programme in different sectors.

(See Table - 3, Schedule of India-China JEG Meetings.)

Another important decision to carry out institutional framework was the establishment of Joint Business Council (JBC) which is a non-governmental association of entrepreneurs of India and China. On February 1992, the First Meeting of the India-China Joint Business Council was held in New Delhi. The meeting highlighted the following issues.

- The need for raising the volume of bilateral trade, which was far below its potential at present.
- Bilateral trade hindered by lack of direct banking relations, poor transportation network and patchy communication facilities.
- CCPIT was willing to join hands with the Federation of Indian Chambers of Commerce and Industry (FICCI) and other agencies to do its utmost in promoting bilateral trade and economic ties.
- JBC could explore the possibility of adding new items in the trade basket.
- Technologies could be exchanged in metallurgy, chemicals, petrochemicals, land farming, high-yielding sugarcane varieties, food processing, sericulture and agricultural machinery.
- Joint ventures in the engineering sector could be explored. India and China could also bid for joint ventures in third countries.¹⁰

Resumption of Consulate Offices: On 7 December 1992, The Chinese Consulate General in Bombay was formally inaugurated by Mr Liao Hansheng. The agreement for reestablishment of Consulates General in Shanghai and Bombay had been signed during the visit of Chinese Premier Li Peng in December 1991 in India.

Trade Protocols: In February 1991, a Trade Protocol between India and China was signed in Beijing for the year 1991-1992. According to the documents both sides agreed to strengthen co-operation in the fields of economy, trade, science and technology.¹¹ In December 1991, another Trade Protocol for the calendar year 1992 was signed for providing for further expansion and diversification of trade between the two countries for the sake of mutual benefit. China agreed to import from India a number of items, including iron ore and chrome ore, tea, tobacco, chemicals, engineering products, jewels and processed diamonds and synthetic fibre and yarn. India also agreed to import newsprint, raw silk and silk yarn, some agricultural products, metals and minerals including cooking coal, chemicals and petroleum products etc. from China.¹²

Joint Venture: Followed by the increase of visits and exchanges of co-operation in different fields, joint ventures had also started in the 1990s. In 1992, an Orissa-based Mideast Steel Company and a Chinese steel manufacturer had entered an agreement to set up a joint venture plant. Slowly, the number of joint ventures had increased within few years in the field of coal, textiles, etc. In 1993, Indian Government had approved

several proposals for setting up Chinese joint ventures in India. By 1996, the number of joint ventures between India and China had reached fifty which included diversified fields like minerals, chemicals, pharmaceuticals, machinery, marine products, etc.¹³

IV. Bilateral Meetings and Visits to Promote Trade

Regular exchange of visits by Prime Ministers, Ministers, officers, traders and business offices helped both sides to develop mutual understanding. Leaders of the two countries felt to continue visits to reduce political tensions and hoped that the increasing dialogues would help the process of resolving existing bilateral issues.

Visit of Indian Delegations to China: Indian Foreign Minister Shri V. C. Shukla paid a visit to China during 1-6 February 1991, met with his Chinese counterpart Qian Qichen and discussed about restoring two Consulate offices respectively in Mumbai and Shanghai. Both sides also agreed to hold the third meeting of the Joint Working Group in June 1991 in Beijing.¹⁴

In February 1991, Indian Commerce Minister Mr. Subrahmanan Swamy had visited China. He had met his Chinese counterpart Mr. Li Lanqing and discussed the possibility of expanding bilateral economic and trade co-operation, etc. He also attended the second session of the Joint Group on Economic Relations & Trade and Science & Technology. During his trip to China, Mr. Swamy also met Chinese Vice Premier Mr. Wu Xueqian and discussed on promoting co-operation in the field of economy, science and technology. Mr. Swamy also met Mr. Song Jian, State Councilor and Minister in Charge of State Science and Technology Commission and exchanged views on scientific and technological co-operation between the two countries.¹⁵

In January 1993, Minister of State for Commerce P.J. Kurien visited China to attend 4th meeting of the Sino-Indian Joint Economic and Trade Group. Both sides discussed about opening another border trade point and increasing the volume of bilateral trade from the present level of US\$ 300 million. Mr. Kurien suggested Chinese companies to invest in the mining industry in India. Mr. Li Lanqing, Chinese Minister of Foreign Economic Relations and Trade urged Indian Minister to grant more favourable treatment to border trade. Chinese Minister also urged companies from both sides to establish commercial offices. It was also informed that more and more Chinese foreign trade companies in the chemicals, metals, machinery and silk sectors are ready to discuss in detail business with their Indian counterparts.¹⁶

In June 1993, Indian Minister of Commerce and Deputy Chairman of Planning Commission Shri Pranab Mukherjee had visited China. During the meeting with his Chinese Counterpart, both sides discussed the need for closer co-operation between the planning commissions. India had agreed to supply iron ore for Shanghai's Steel Industry

as well as consultancy services for the sponge iron and steel sectors in Shanghai. Shri Mukherjee also stressed the possibility of establishing joint development project of iron ore mines in India for supply of raw material to the steel mills in Shanghai.¹⁷

During 28 June–2 July 1993, Shri Balram Singh Yadava, Minister of State in the Ministry of Mines, Government of India paid a visit to China. He met his Chinese counterpart Mr. Zhu Xun, Minister of Geology and Mineral Resources and discussed on the decision to set up joint ventures in both the countries as well as collaborate to set up joint ventures in other countries in the respective field.¹⁸

The visit of Prime Minister, Shri P. V. Narasimha Rao, to China in September 1993 reinforced the positive trend in bilateral relations. A positive development in bilateral trade was the approval given for the setting up of several Chinese joint ventures in India and the agreement on the establishment of the first-ever Indian joint venture in China. However, both sides recognized that the present level of bilateral economic interaction remained inadequate and the two countries agreed that both sides will make special efforts to expand economic co-operation. During the visit, four agreements had been signed on 7 September 1993 in Beijing between India and China which are as follows:

- i) Agreement on the Maintenance of Peace and Tranquility along the Line of Actual Control in the India-China Border Areas
- ii) Agreement on Environmental Co-operation
- iii) Protocol for Extension of Border Trade Across Shipkila Pass
- iv) Agreement on Radio and Television Co-operation¹⁹

In 1994, the Ministers of Agriculture, Human Resource Development and Health & Family Welfare visited China. The Ministers of State for Coal, Petroleum, Labour and the Deputy Minister for Culture also visited China. Indian Vice President Mr. K. R. Narayanan had visited China during 22-28 October of 1994. During his visit he had emphasised the need to further increase co-operation in economic and scientific-technological fields. In 1995, high-level visits from India to China had included Ministers of Home Affairs, Human Resource Development, Environment and Forests, Personnel and Textiles, etc.

Visit of Chinese Delegation to India: On March 1991, Vice Chairman of the Chinese Planning Commission, Mr. Gan Ziyu visited India and had exchanged views on bilateral trade and economic co-operation, particularly the scope for further expansion of mutual ties in various fields including joint ventures. Mr. Ziyu invited Indian enterprises to set up joint ventures in China, and added that India's expertise in the field of engineering consultancy would be of particular interest to China.²⁰

In December 1991, the Chinese Vice Minister for Aerospace Industries, Mr. Lie Juan visited India and had continued wide ranging discussions on mutual co-operation in the

field of communications between the Asian countries. During the talks, the Chinese Minister also expressed the desire to share the Indian experience of rural telecommunications.²¹

The visit of the Chinese Premier Mr Li Peng to India from 11 to 16 December, 1991 was a significant milestone in India-China relations. This was the first visit by a Chinese Premier to India in thirty one years. The visit was in return for the visit of former Prime Minister, Shri Rajiv Gandhi, to China in December 1988. He held wide-ranging talks with the Prime Minister and called on the President and the Vice President. Separate talks were held between the Foreign Ministers and the Commerce Ministers of the two countries. Major achievement of the visit was signing of various agreements like:

- i) Memorandum on the Resumption of bilateral Border Trade
- ii) Agreed Minutes of the Third Session of the India-China Joint Group on Economic Relations and Trade, Science & Technology
- iii) Trade Protocol between India and China for the calendar year 1992
- iv) India-China Consular Convention
- v) The Agreement on the Re-establishment of Consulates General based on the successful completion of discussions between the Ministry of External Affairs of India and the Ministry of Foreign Affairs of China

Both sides had agreed to encourage direct trade between the two countries in relation to the following.

- Co-operation in the field of trade, culture, science and technology, health, education, energy and agriculture
- Promoting the exchange of delegations in specific areas
- Encouraging respective trade organisations and traders to explore possibilities of promoting bilateral trade through various forms of trade and co-operation
- The Consular Convention which codifies the privileges and immunities to be enjoyed by the personnel working in the Consulates in each other's country
- Establishing Consulates in the premier commercial and industrial centres of India and China that will give an impetus to economic and trade relations between the two countries
- Activating the Aviation authorities on both sides to establish direct air links between India and China
- Holding a Festival of India in China and a Festival of China in India

In March 1992, a high level Chinese Delegation headed by Mr. Li Xiaoshi, Vice Minister, State Science and Technology Commission visited India and discussed the scope of co-operation in the field of agriculture and technology with Indian leaders. Both sides had identified scope of co-operation between the two countries in the fields of

mixed farming, organic waste re-cycling, pond microbiology, fish processing, fish genetic and marine fish stock assessment, etc.²²

In September 1992, Minister of State for Science & Technology Mr. MU Bangguo had led a delegation in India and met his Indian counterpart Mr. R. Kumarmangalam to explore co-operation in the field of Science & Technology. The Chinese side showed keen interest to have joint research and development ventures in the software technology and also in biotechnology particularly, bio-pesticides, horticulture, crops, bio-engineering etc.²³

In December 1993, Chinese Vice Premier, Mr Li Lanqing visited India and discussed on future programmes on functional exchanges based on the mutual benefit. In 1994 high-level political, trade and economic exchanges continued through the visit of Chinese Foreign Trade and Supervision Ministers to India. Other important visits to India were of Foreign Trade and Supervision Minister in 1994 and Chinese Labour, Education and Coal Ministers in 1995.

V. Resumption of Bilateral Border Trade

India and Tibet maintained age old cultural and trade relationship since ancient period. There were commercial, religious and cultural interactions among the native people of Himalayan region like Kashmir, Ladakh, Tibet, Nepal, Sikkim, Bhutan, Assam, etc. These exchanges were one of the basic pillars of the economy of the entire region. But the system suffered after 1950 and finally bilateral border trade between India and Tibet was stopped in 1962. Therefore, after the resumption of formal bilateral diplomatic relations in 1976, local people of these areas again demanded resumption of people-to-people contacts. First indication for resuming normal border trade relations was lifting of 16-year old ban on trade with Tibet by the two local Governments respectively, India and China.²⁴ The discussion on the resumption of border trade got momentum during the visit of Chinese Premier Li Peng to India from 11 to 16 December 1991. The visit was marked with the signing of five agreements including resumption of border trade. The memorandum was signed for initially allowing cross border trade across Uttar Pradesh (Pithoragarh) and Tibet (Pulan), across the Lipulekh Pass and the Memorandum would be valid for two years.²⁵

Trade through Lipulekh Pass (Gunji) and Taklakot (Pulan): Lipulekh (17,500 ft.) is a Himalayan Pass which connects the Kumaon region of Uttarakhand State in the Pithoragarh District with the Taklakot in Tibet. Since ancient times, the pass was used by many Hindu pilgrims for going to Kailash Mansarovar to visit Mount Kailash and Lake Mansarovar and later on it became traders' pass for going to Taklakot market in Tibet.

Border trade between India and China was formally resumed from 15 July 1992 through the proposed two land routes. It was decided by the two sides that trade will continue every year between 1 June to 30 September. To continue normal trade practice, Government of India had adopted several measures like establishing Customs Land

Station and Police immigration check post at Gunji, issuance of special travel passes to traders, opening of State Bank of India (SBI) branch in Gunji, etc. Although the volume of trade was low as per the expectation but the reopening of the Lipulekh route had made local people happy. The incident helped local cottage industry of woollen carpets and other wool-based products which were dependent mostly on products from Tibet. Indian traders went to Taklakot market with products like tea, coffee, tobacco, jaggery, cloth, wool, yak hides, tails, etc. The export items from Gunji to Pulan included gur, misri, tobacco, spices, pulse, farfar flour, coffee, vegetable oil/ghee and various miscellaneous consumable items. On the other hand, import items from Pulan to Gunji covered sheep wool, passam, sheep/goats, borax, yak tail, chhirbi (Butter) and raw silk and so on.²⁶

Trade between Namgya and Jiuba through Shipki Pass: The opening of border trade enthused both sides and they decided to open another trade point through Shipkila Pass. The decision was taken in the fifth meeting of the India-China Joint Working Group on the boundary question and Foreign Secretary - Vice Minister level consultations which were held in Beijing during 28 to 29 October 1992. However, the final decision of starting formal trade in July 1994 was taken in the 7th meeting of the India-China Joint Working Group on the Boundary Question and Foreign Secretary-Vice Foreign Minister level consultations which was held in Beijing during 6 to 7 July 1994.²⁷

Shipki La is a mountain pass with India-Tibet border which has been located in the Kinnaur District of the Himachal Pradesh. The resumption of border trade after a gap of 23 years had facilitated exchanges of goods between border inhabitants of the two countries and promoted local commerce and market development. It was decided to continue trade from 1 June to 30 November of every year. The Government of India had taken several measures like arranging traders' pass through the Department of Customs, setting up of a check post by the state police etc.²⁸ In the first year i.e. 1994 around hundred Indian traders were issued traders' pass and later on the annual average dropped to around thirty although no Chinese traders preferred Indian market in the beginning years.

Majority of export items from Shipki to Namgya include pulses, edible oils, cigarettes, cloth, sugar, milk powder, sewing machines, vegetables, agricultural implements, blankets, copper products, textiles, cycles, coffee, tea, barley, rice, flour, dry fruit, dry and fresh vegetables, vegetable oil, gur and misri, tobacco, snuff, cigarettes, canned food, agro-chemical, local herbs, dyes, spices, watches, shoes, kerosene oil, stationery, utensils, wheat, etc. Import items from Namgya to Shipki covered wool, sheep, pashmina, butter, cheese, shoes, crockery, horses, raw silk, goats, china clay, utensils, textiles (mostly readymade garments), etc. Top import commodities from Tibet to India include jackets, shoes, raincoats, umbrellas, thermos flasks and various types of crockery, Tibetan sheep and goat, etc.

India – China border trade through Tibet requires to be developed manifold for several purposes. Border trade can be helpful for reducing border tensions and be a useful tool for maintaining peace and tranquility along border. There is a huge interest in entire Arunachal Pradesh to start border trade including old Stilwell route and few other points. Government of India has started building road networks in entire northern and north-eastern India. There is also demand of easing traders' transit procedures, more banking networks, flexibility in identifying trade items, better custom systems, etc. Therefore, a systematic study is required to assess policy implementations behind the resumption of border trade, export-import items, banking, customs, transport and communication systems and so on. To promote border trade it is also required to organise trade fairs and seminars from time to time and encourage old traditional trade fairs.

VI. Trade Fairs, Exhibitions and Seminars

During this period, two Governments had taken several measures to continue mutual co-operation programmes of common interest like organising seminars, exhibitions, festivals, participation in each other's programmes etc. In June 1992, an exhibition on cottage industry of India, jointly organized by the Indian Government was held in New Delhi. The exhibition was mainly on South Indian handicrafts and other Indian traditional items.²⁹ Among the major policy making decisions taken during the visit of Chinese Premier Li Peng in December 1991 were organising Festival of China in India and Festival of India in China. Festival of China in India was held in India in December 1992 in six cities like New Delhi, Bombay, Calcutta, Madras and some other cities.³⁰ On the other hand, Festival of India had been organized in China during May-June 1994. The Festival covered a Science and Technology Exhibition in Shanghai Exhibition Centre.³¹ In November 1994, a large delegation of 24 companies from Shanghai had participated as exhibitors in the India International Trade Fair (IITF 1994) in New Delhi. The Chinese participation in the exhibition was the result of co-operation agreement signed between India China Chamber of Commerce and Industries (ICCCI) and the Shanghai Sub-Council of the CCPIT.

VII. Conclusion

During this period, several new initiatives were taken by the two sides like beginning of exchanging day-to-day information by industrial bodies, establishment of commercial sections of the Embassy and Consulate offices, publication of industry related literature, providing logistic support, founding business associations, etc. although higher tariff barriers, too much administrative controls by the respective Government offices, information gap due to language barriers became major concern to develop bilateral trade relations. From Indian side, export of primary commodities was more than sending

manufactured goods to China which was also a big problem. These incidents resulted in India's trade deficit over China, allegation of anti-dumping measures on principal export-import items, lack of consistency over understanding rules and regulations by the businessmen. Therefore, the following observations were made which was required to develop bilateral commercial relations in the twenty first century.

- i) A brief survey on the Chinese market is required by the Indian businessmen before reaching out on investments, joint ventures, export-import deals, etc.
- ii) Personal contact between businessmen is important through participation in trade promotion events like seminars, workshops, exhibitions, fairs, exchange of information, awareness on industry specific surveys, etc.
- iii) Opening of business representative offices in India as well as in China. Keeping up relationship between existing representative offices is also important.
- iv) Publication of trade literature in Hindi and other Indian languages besides English and Chinese is required.
- v) Entrepreneurs, traders, working personnel of both the nations require to know major languages like Chinese (Mandarin and Cantonese), Hindi, Bengali, Tamil, Gujarati, Punjabi, etc.
- vi) Organising regular meetings of business forums like the Joint Economic Group, Joint Business Council, etc. is necessary.
- vii) Creating brand awareness of Indian products among Chinese people is necessary.
- viii) Indian traders are also required to study the newsletters, literature and journals provided by the Embassy offices and other business chambers.
- ix) Indian businessmen need to explore new areas of business and increase interaction with Chinese provinces particularly in the south-western region like Yunnan, Sichuan, etc.
- x) Among India's export basket it is required to increase high-value products with reduced production costs.

Notes

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Appendix

Table 1 : Sino – Indian Bilateral Trade (1991-1995)

Year	Indian Imports (US\$ Million)	Indian Exports (US\$ Million)	Trade Volume (US\$ Million)	Trade Balance (in favour of India) (US\$ Million)
1991	144.48	120.33	264.81	-24.15
1992	158.44	180.1	338.54	+21.66
Growth	9.6%	49.6%	27.8%	
1993	259.16	416.57	675.73	+157.41
Growth	63.5%	131.3%	99.6%	
1994	573.00	322.00	894.00	-251.00
Growth	121%	-22.75%	32%	
1995	765.00	398.00	1,162.00	-367.00
Growth	34%	24%	29.9%	

Source: China Customs Statistics; Embassy of India in Beijing

Table 2: Trade Protocols / Memoranda of Understanding (MOU) signed between India and China (1991-1995)

February 1991: Signed Trade Protocol for the Calendar Year 1992
December 1991: Consular Convention between India and China
1992: Memorandum of Understanding (MOU) on exchange and cooperation on Audit
1992: Memorandum of Understanding on co-operation in Agriculture
January 1993: Trade protocol signed for the calendar year 1993
January 1993: Memorandum of Understanding (MOU) signed on co-operation in the Field of Geology and Mineral Resources
September 1993: Agreement signed on Radio and Television co-operation
November 1993: Protocol signed on organising “Festival of India in China”

June 1994: Trade Protocol signed for the year 1994-95
July 1994: Agreement signed for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income
October 1994: Memorandum of Understanding (MOU) for developing Banking Relations
October 1994: Memorandum of Understanding (MOU) on simplifying the Visa Procedures
1995: Memorandum of Understanding (MOU) on co-operation in Steel and Metallurgical Industry

Table 3: Schedule of India-China JEG Meetings

No.	Venue	Date of Meeting
First	New Delhi	18-20 September 1989
Second	Beijing	6 February 1991
Third	New Delhi	9 December 1991
Fourth	Beijing	4 January 1993
Fifth	New Delhi	13 June 1994

Source: India-China Trade Potential: An Analysis, November 2006, Confederation of Indian Industry (CII)

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